

# Summary

Listed below are highlights from the Montana 2004 Workers' Compensation Annual Report. This report contains information about Montana's workers' compensation system, including injury statistics and characteristics, benefits paid to claimants and payments made by insurers to others in the system, dispute resolution and miscellaneous regulatory programs and functions. Unless otherwise cited, all reported numbers, charts, and tables are derived from the State of Montana workers' compensation database (WCAP).

## *Claims Statistics.....20-27*

There were 32,140 claims reported in Fiscal Year 2004 (FY04) compared with 33,230 reported in FY03. This is a decrease of 3.3% from FY03.

Since FY00, the number of claims reported by the Montana State Fund has increased by 42.2% (from 9,924 to 14,114), while claims reported by private carriers have decreased by 35.9% (from 16,556 to 10,613). Self-Insurers have remained about the same.

The service industry was responsible for 25.8% of all claims reported in FY04. Retail trade had the second largest percentage of claims at 13.4%.

## *Benefits.....30-41*

The total indemnity (wage loss) and medical benefits paid in FY04 were \$210,767,361 compared to \$200,553,772 in FY03, increasing \$10,213,589 or 5.1%.

Medical benefit payments as reported to the Department of Labor and Industry (DLI) increased for self-insurers and State Fund, whereas private carriers saw a decrease in medical benefits paid. Self-Insurers' payments increased by 14.1%, Montana State Fund increased 12.9%, and private carriers decreased 8.4% in FY04.

A new report portraying average and median benefits (indemnity and medical) paid throughout the lives of indemnity claims have been added in the Benefits section. The report, compiled by Insurance Services Office, Inc. (ISO) using data from the WCAP database, covers a period of 6 years (FY99 through FY04).

Attorneys represented injured workers in 55.7% of all claims settled in FY04.

## *Dispute Resolution.....44-49*

The Claims Unit of the Employment Relations Division (ERD) is responsible for the occupational disease evaluation process. They processed 124 occupational disease cases in FY04. This is a decrease of 34.7% from FY03.

The Mediation Unit completes a case by holding a conference and issuing a written recommendation. During FY04, the unit processed 1,303 petitions, resulting in a resolution rate of 75.4%.

The Hearings Bureau received 14 new petitions for contested case hearings in FY04, a decrease of 26.3% from FY03.

The Workers' Compensation Court received 261 petitions, dismissed 88 petitions and issued 158 decisions in FY04.

## *Workers' Compensation Assessments as Expended .....53*

The administration of the Workers' Compensation and Occupational Disease Acts and the various occupational safety laws is funded by an assessment on employers and insurers. The cost of the regulatory functions in FY04 was \$4,584,468. Beginning in FY00, a new process was instituted and each insurer was assessed 3% of benefits paid.

## *Subsequent Injury Fund (SIF) .....54*

SIF payments in Calendar Year (CY02) for all dates of injury were \$291,940. There were 173 new SIF certifications during FY04 resulting in a total of 3,402 certified individuals in the state of Montana.

## *Uninsured Employers' Fund (UEF) .....55-56*

UEF provides benefits for injured employees when employers are without appropriate workers' compensation insurance. In FY04, UEF collections increased 31.9% from FY03, totaling \$1,412,419.

The UEF unit received 79 new claims and injured workers received \$522,973 in medical and indemnity benefits in FY04.

## *Occupational Safety & Health.....57-58*

Mandatory inspections completed by the Occupational Safety & Health Bureau in the public sector totaled 492. They completed 270 onsite inspections in the private sector. In addition, 37 onsite inspections were performed in the coal mining industry and 78 in sand and gravel operations.

The Training Institute conducted 45 formal training sessions in CY04, training 805 workers. Local Focus Groups held 69 training sessions, which trained 603 workers.

## *Independent Contractor Exemptions.....59*

Independent contractors who do not wish to be covered under workers' compensation insurance may file for an exemption with the DLI. The number of independent contractor exemption applications received for FY04 totals 12,141.

In Montana, there are a total of 33,247 independent contractors, 41% of whom are in the construction industry.

## *Professional Employer Organizations (PEO).....60-61*

To be licensed, a PEO must submit an application and proof of workers' compensation coverage. At the end of FY04 there were 26 PEOs licensed in Montana. These PEOs leased 2,499 employees to 333 client companies.